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**U.S. MAKES ARRESTS IN TAX AND I.D. FRAUD CASE THAT USED
THOUSANDS OF BOGUS IRS RETURNS TO OBTAIN OVER \$7 MILLION**

JAMES B. COMEY, the United States Attorney for the Southern District of New York, announced the arrests today of 17 defendants in connection with a tax and identity fraud scheme operating in the Bronx, New York, that allegedly netted more than \$7 million. Two others are still being sought. Involved in the scheme was the operator of a Bronx tax preparer's business, who was arrested early in the investigation and agreed to cooperate

In a Complaint unsealed in Manhattan federal court today, the 19 defendants were charged with engaging in the scheme from 1997 through January 2003 to file thousands of false and fraudulent Individual Income Tax Returns, Forms 1040, and Forms 1040A, either seeking tax refunds from the Internal Revenue Service ("IRS") for actual known individuals who were not entitled to such refunds, or filing returns on behalf of

individuals whose identities the defendants used without authorization, seeking refunds which the defendants kept for themselves.

For these purported taxpayers, the defendants often allegedly created a tax return claiming self-employment, or "Schedule C," income. They then allegedly listed on the Schedule C returns (which are typically filed by self-employed taxpayers) dependents for the purported taxpayers; however, the so-called "dependents" were not in fact related to, or dependents of, the so-called "taxpayers." Rather, the defendants allegedly provided the Cooperating Witness ("CW") and other tax preparers with identity information of individuals to be listed as taxpayers or dependents, many of whom were persons who were deceased or who otherwise did not file income tax returns.

According to the Complaint, the purported taxpayers claimed entitlement to Earned Income Tax Credits ("EITC"), when in fact, the purported taxpayers were entitled to no such credit. The typical amount of EITC refund claimed and recovered per fraudulently filed Schedule C return was approximately \$2,500, it was charged.

During the earlier years of the scheme, on behalf of actual known individuals, who were aware of the scheme, the defendants caused tax returns to be filed seeking refunds to which those individuals were not entitled, according to the

Complaint. However, in the later tax years, and in particular for the 2001 tax year, the defendants allegedly caused tax returns to be filed purportedly on behalf of individuals whose identities they fraudulently obtained. The defendants obtained the names and Social Security numbers ("SSNs") of individuals and used those names to create false returns to obtain refunds which they kept for themselves, in whole or in part, it was charged. Many of the SSNs allegedly fraudulently obtained belonged to individuals who had long since been deceased.

In some cases, the defendants caused the fraudulent returns to be mailed to the IRS and on other occasions, and in particular for the 2001 tax year, the defendants used the "Electronic Filing" or "ELF" system to file the false income tax returns that they prepared, it was charged. The ELF program permits a taxpayer to file a United States Individual Income Tax Return, Form 1040 or 1040A, electronically through an entity approved by the IRS to file tax returns (known as an "electronic return originator"). The taxpayer provides his or her tax information to the electronic return originator, who in turn forwards it to the IRS by computer.

In these cases, the CW and other tax preparers allegedly filed information with the electronic return originator as tax preparer, purportedly on behalf of the taxpayer, using the

fraudulently obtained identification information. The defendants then received "refund anticipation loans" through the electronic return originator, purportedly on behalf of the "taxpayers."

Over the course of the conspiracy, the defendants caused many thousands of fraudulent returns to be filed, through which they obtained at least \$7 million in fraudulently obtained refunds, it was charged.

The defendants are JOSEPH ADOMAKO-MENSAH, PRINCE AFRIYIE, a/k/a "Yaw," ALFRED ANKAMAH, DORCAS ARTHUR, MICHAEL ASIAMAH, a/k/a "Kaesii," GOKEL BADU, ERNEST BIMPEH, EMANUEL BONSU, a/k/a "Antwi," KEITH HUNTER, a/k/a "Rasta," DAVID KISSI, a/k/a "Cuebert," a/k/a "Asiedu," OWUSU KISSI, a/k/a "Killer," LOVELACE ADUSEI KONTOH, a/k/a "Kofi," ASANTEWAH MENSAH, JOHNSON OFOSO, PATRICK OFOSU, "a/k/a Kwako," JOHN TORCHMAN, OPOKU TOTO, a/k/a "Apoko Agyeman," a/k/a "Joe," OSEI YEBOAH, and FNU LNU, a/k/a "Chief," are named in the Complaint. The 17 in custody are expected to be presented before United States Magistrate Judge THEODORE H. KATZ in Manhattan federal court this afternoon.

Count One of the Complaint charges each defendant with conspiracy to file false claims against the United States. If convicted, the defendants each face a maximum sentence of 10 years' imprisonment and the greater of a \$250,000 fine or twice the gross gain or loss resulting from the crime. Count Two

charges the defendants with filing false, fictitious and fraudulent claims against the United States, which carries a maximum sentence of 5 years' imprisonment and the greater of a \$250,000 fine or twice the gross gain or loss resulting from the crime.

Mr. COMEY praised the investigative efforts of the United States Postal Inspection Service; the Treasury Inspector General For Tax Administration, New York Field Division; Internal Revenue Service Criminal Investigation; and the United States Secret Service, New York Field Office.

Mr. COMEY also stated that the investigation is continuing.

Assistant United States Attorneys E. DANYA PERRY and BENJAMIN GRUENSTEIN are in charge of the prosecutions.

The charges contained in the Complaint are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

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